

**JOLIET JUNIOR COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 525**

AUDIT REPORT ON FEDERAL AWARDS

Year Ended June 30, 2018

**JOLIET JUNIOR COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 525**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Joliet Junior College -
Community College District No. 525
Joliet, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Joliet Junior College - Community College District No. 525 (the "District"), which collectively comprise the District's basic financial statements as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 3, 2018. Our report includes a reference to other auditors who audited the financial statements of the Joliet Junior College Foundation ("Foundation") as described in our report on the District's financial statements. The financial statements of the Foundation were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
October 3, 2018

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Joliet Junior College -
Community College District No. 525
Joliet, Illinois

Report on Compliance for the Major Federal Program

We have audited Joliet Junior College - Community College District No. 525 (the "District")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Joliet Junior College - Community College District No. 525 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on the major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the business-type activities and discretely presented component unit of Joliet Junior College - Community College District No. 525 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 3, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
October 3, 2018

JOLIET JUNIOR COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 525
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/ Program Title	Federal CFDA Number	Pass- through Entity	Pass-through Entity Grant Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Urban and Community Forestry Program	10.675	The Morton Arboretum	17-DG-11420004-248	\$ 11,846
Child and Adult Care Food Program	10.558	Illinois State Board of Education	56099525051	<u>3,666</u>
Total U.S. Department of Agriculture				<u>15,512</u>
U.S. DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership Grant	16.607			<u>3,772</u>
Total U.S. Department of Justice				<u>3,772</u>
U.S. DEPARTMENT OF LABOR				
Workforce Investment Act Cluster				
WIA/WIOA Adult Program				
WIA Work Readiness		Will County	2015-400 Mod. 2	286,506
WIA Title IB - Grundy County Adult		Kankakee County	18-2B	<u>217,946</u>
Total WIA/WIOA Adult Program	17.258			<u>504,452</u>
WIA/WIOA Youth Activities				
WIA Title IB - Will County Youth Program - Occupational Training for Youth Program		Will County	2015-300 Mod. 2	1,442,449
WIA Title 1Y - Grundy County Youth Services		Kankakee County	18-03	<u>210,692</u>
Total WIA/WIOA Youth Activities	17.259			<u>1,653,141</u>
WIA/WIOA Dislocated Workers				
WIA Title IB - Grundy County DWAC		Kankakee County	18-2B	<u>126,682</u>
Total WIA/WIOA Dislocated Workers	17.278			<u>126,682</u>
Total Workforce Investment Act Cluster				<u>2,284,275</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Commercial Motor Vehicle Operator Training Grants				
Driving America: One Veteran at a Time CDL Training Program	20.235			<u>96,679</u>
RESEARCH AND DEVELOPMENT CLUSTER				
National Science Foundation				
Education and Human Resources				
Integrating Sustainability Through Technical Education				34,952
Sustaining Science Students through Scholarships, Academic and Social Activities, and Reflective Journaling				23,007
ISU's Noyce Scholarships for STEM Teachers of Under-Represented Groups		Illinois State University	1540591	<u>11,213</u>
Total National Science Foundation	47.076			<u>69,172</u>
Total Research and Development Cluster				<u>69,172</u>

JOLIET JUNIOR COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 525
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/ Program Title	Federal CFDA Number	Pass- through Entity	Pass-through Entity Grant Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct Programs				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007			\$ 204,504
Federal Work-Study Program				170,054
College Work Study				12,267
America Reads				182,321
Total Work-Study Program	84.033			12,476,940
Federal Pell Grant Program	84.063			4,855,782
Federal Direct Student Loans	84.268			<u>17,719,547</u>
Total Student Financial Aid Cluster				
TRIO - Student Support Services				
Project Achieve	84.042A			369,844
Educational Talent Search	84.044A			<u>330,316</u>
Total TRIO Cluster				
<u>700,160</u>				
Undergraduate International Studies and Foreign Language Programs				
Strengthening International Studies and Foreign Languages (SISFL)				
at Illinois Community Colleges Consortium	84.016A			<u>47,950</u>
Adult Education - Basic Grants to States				
Federal Basic		Illinois Community College Board	V002A16003	63,278
EL/Civics		Illinois Community College Board	V002A16003	31,185
Total Adult Education	84.002A			<u>94,463</u>
Higher Education Institutional Aid				
Progressive Pathways to Student Success	84.031A			<u>475,583</u>
Career and Technical Education -- Basic Grants to States				
Postsecondary Basic: Carl Perkins III		Illinois Community College Board	V002A16003	492,200
Special Populations		Illinois Community College Board	V002A16003	7,412
Total Career and Technical Education	84.048			<u>499,612</u>
Supporting Effective Instruction State Grants				
Bridging the Gap	84.367A	Illinois Community College Board	V002A16003	7,500
Total U.S. Department of Education				
<u>19,544,815</u>				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Temporary Assistance for Needy Families	93.558	Illinois Department of Human Services	FCSVG00077	80,665
TOTAL EXPENDITURES OF FEDERAL AWARDS				
				<u>\$ 22,094,890</u>

**JOLIET JUNIOR COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 525**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal award activity of Joliet Junior College - Community College District No. 525 (the "District") under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because this Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The District has not elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**JOLIET JUNIOR COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 525**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal program:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified?	Yes
Type of auditors' report issued on compliance for major federal program?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	Yes

Identification of major federal program:

CFDA Number	Name of Federal Program or Cluster
	U.S. Department of Education
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**JOLIET JUNIOR COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 525**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2018-001 – Eligibility Testing

Federal Program – Federal direct student loans
Federal Agency – U.S. Department of Education
Pass-Through Entity – Not Applicable
CFDA Number – 84.268
Federal Award Number – P268K18011
Federal Award Year – June 30, 2018

Criteria: Title IV regulations (34 CFR section 685.301), states that a school may not originate a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan, or a combination of loans, for an amount that exceeds the student's estimated cost of attendance less the student's estimated financial assistance for the period and in the case of a Direct Subsidized Loan, the borrower's expected family contribution for the period.

Condition: The District incorrectly calculated financial aid need which led to one student being awarded more aid than their correct need would allow.

Questioned Costs: No questioned costs were identified with this federal award finding.

Context: Population and sample sizes are as follows. The sample is not a statistically valid sample.

Population size	3,917	Federal direct loan awards	\$4,909,255
Sample size	25	Federal direct loan awards	\$154,725

Effect: A student's cost of attendance less the student's estimated financial assistance determines financial aid need. When packaging a student's financial aid, the District did not enter the proper inputs for this calculation, which led to an understatement of the student's need, resulting in an overpayment of \$1,573 of Direct Loan Awards.

Cause: The District's internal controls surrounding the review of financial aid packaging failed during the year under audit.

Recommendation: The District should review their internal control processes and ensure reviewers are performing their responsibilities in accordance with District policies and procedures. In addition, we recommend the District ensure that all personnel who package financial aid are properly trained to ensure that the process is correctly completed.

Management Response: See attached corrective action plan.

**JOLIET JUNIOR COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 525**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2018**

The previous audit of the Federal Award Programs was for the year ended June 30, 2017. There were no findings or questioned costs reported in that audit.